

★ Roll Call Number

Agenda Item Number

85A

Date June 14, 2010

Communication from Redflex Traffic Systems, Inc., c/o Brown Winick Law Firm.

Moved by _____ to receive, file and

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
TOTAL				

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

MOTION CARRIED

APPROVED

Mayor

City Clerk

85A

Rauh, Diane I.

From: website@dmgov.org
Sent: Monday, June 07, 2010 8:41 AM
To: CouncilSpeak
Cc: CityClerk
Subject: Request to Speak Before the City Council - form submission

Full Name: Redflex Traffic Systems, Inc. c/o BrownWinick Law Firm
Address: 666 Grand Avenue, Suite 2000
City: Des Moines, IA
State: IA
Zip: 50309
Phone: (515)242-2400
Email: beltrame@brownwinick.com
Speaker(s): Marc Beltrame
Meeting Date: Monday, June 28, 2010
Regarding: FOR JUNE 14, 2010 MEETING

June 7, 2010

direct phone: 515-242-2452

direct fax: 515-323-8552

email: brommel@brownwinick.com

Mayor Frank Cownie and
Members of the Des Moines City Council
c/o City Clerk
400 Robert D. Ray Drive
Des Moines, IA 50309

**Re: June 14, 2010 Council Meeting
Agenda Item: RFP V10-041 (Enforcement Cameras)**

FILED
CITY CLERK
DES MOINES, IOWA
JUN 7 PM 1:18

Dear Mayor and Members of the Council:

At your June 14, 2010 meeting, you will be considering the Report of Deputy City Manager Merrill R. Stanley, which was issued on April 29, 2010, related to RFP V10-041 (“the Report”). The Report affirmed the Selection Committee’s selection of GATSO USA (“GATSO”). For a number of reasons, the City should reject such Report and the recommendation of the Selection Committee and select Redflex Traffic Systems, Inc. (“Redflex”) as the provider of enforcement cameras for the City of Des Moines.

In order to analyze the decision of the Selection Committee and the Report of the Deputy City Manager, we believe it is necessary for you to understand exactly who will be providing all of the required services. The City’s enforcement camera program will only be as good and successful the the technology, the support services and the back office processing provided by the outside company. Redflex, who is a pioneer of the fully turnkey digital enforcement camera program the City seeks, is the largest and longest provider of such services. In comparison, GATSO has little experience and in fact, does not even directly provide a number of the services that are vitally important to a successful program.

There are two fundamental problems with GATSO, the entity recommended by the Selection Committee. First, GATSO did not satisfy the minimum requirements the City clearly stated in its RFP. GATSO did not show that it or its “strategic partner” CMA Consulting, Inc. (“CMA”) had the required two years minimum experience in automated electronic traffic control and citation processing. Furthermore, the Committee did virtually no research regarding CMA or its background, yet this is the company who will be providing the City with virtually 100 percent of the “back office” processing, which includes the following: obtaining photos of violations, reviewing violations, retrieving motor vehicle information from the secure source, printing citations, mailing citations, storing and retrieving all violations, collecting payments and responding to citizen inquiries. As will be described more fully below, CMA has issues in its

background that should be questioned, especially when it will be the entity actually providing the bulk of the services. In addition to this clear deficiency, GATSO also failed to timely provide the required financial statement, and absolutely no financial statement or information was obtained from CMA.

Second, the “formula” used by the Selection Committee to determine the points awarded in the Revenue category was based upon the number of citations produced by Redflex in Clive. In other words, the Committee used Redflex’s results to analyze the proposal of a competing provider. It is wholly inappropriate to use Redflex’s results to analyze the revenue to be produced under GATSO’s proposal, because GATSO has a substantially lower success rate for violations that actually result in citations (14 percent compared to Redflex’s 66 percent). In addition to the inaccurate formula used by the Committee, there are a number of other important factors that lead to the clear conclusion that Redflex is the best choice. Each of these issues will be addressed more fully below.

I. GATSO Did Not Meet the Minimum Requirements of the RFP.

GATSO failed to satisfy two minimum requirements of the RFP. Section 3.0 of the RFP states that the “successful contractor *must* have the following *minimum* business experience” and provides the following items that are relevant here:

3.1 The contractor must have at least two years minimum experience in automated electronic traffic control and citation processing. ...

3.4 The contractor must be able to prove fiscal stability to the City by providing an annual budgetary report or positive financial statement from a reliable bank or accounting firm. The City must be confident that any contractor hired by the City for an extended period of time has the fiscal capability to maintain their service.

A. GATSO and its “Strategic Partner” CMA do not have the required two years minimum experience in automated electronic traffic control and citation processing.

With regard to the Section 3.1 requirement, GATSO has yet to provide information that CMA, who is generally described by GATSO as their “strategic partner”, has the required two years of experience in automated traffic control and citation processing. As indicated in Redflex’s letters of appeal, CMA is only mentioned in GATSO’s application and presentation materials and no specific information was given regarding the number of years CMA has been involved in automated traffic control and citation processing. Even when CMA and GATSO had the opportunity to provide specific information regarding their experience at the April 21, 2010 hearing, they did not do so. CMA’s representative only generally discussed its experience in other types of processing, but did not provide any specific information regarding its experience in traffic control and citation processing. Because GATSO has only been offering and providing

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a full turn key operation, which includes the processing from violation to citation and collection, for short period of time in the United States, it is clear that neither CMA nor GATSO has the required minimum two years of experience.

As admitted by the Committee Chair, the “back office processing” is vitally important. See Transcript, p. 33. Back office processing includes identifying the registered owner of the vehicle, processing the citations, mailing the citations, and accepting and processing payment of the citations. These processes also include training and interacting with City officials to review and approve any violations before citations are issued, as well as providing supporting testimony to establish a chain of custody as to the processing of the photographs into citations. In short, there is no photo enforcement program and thus, no revenue, without standardized and valid processing of the photos and subsequent citations. These are all services that CMA, not GATSO, will provide.

When asked details about CMA and its role in GATSO’s proposal, the Committee Chair admitted the Committee did virtually no investigation. See Transcript, p. 28. They did not inquire as to CMA’s photo enforcement experience, did not inquire into CMA’s other “processing” experience, and did not investigate CMA’s financial stability. See Transcript, pp. 28-29. The Committee also did not inquire into the relationship between CMA and GATSO. Nothing specific about the length, nature, expected term or any other details about this relationship have been revealed. See Transcript, p. 37. In fact, CMA cannot even identify how much of its revenue comes from its partnership with GATSO other than to describe it as “limited.” See Transcript, p. 50.

Although CMA will be providing a very important and substantial part of the services under GATSO’s proposal, the Committee left it up to CMA to describe at the hearing whether they could meet requirements such as processing data, initial mailings, and ability to accept payments on line or through a lock box. See Transcript, p. 24. These are items that the Committee should have been certain of when selecting GATSO. CMA was not even present at GATSO’s presentation to the City, submitted no information regarding their processes and even at the April 21, 2010 hearing did not address these issues. See Transcript, p. 29.

Neither the Committee nor the Report addressed the questionable background of CMA, whose CEO was indicted on federal charges and was involved in inappropriately paying a New York legislator to secure legislation that directly favored their company. See March 23, 2010 Supplemental Appeal letter, p. 4, Exhibit P. These are issues that should not be taken lightly when entering a relationship where CMA will serve an important role.

B. GATSO did not satisfy the requirements related to financial statements.

With regard to the Section 3.4 requirement relating to proof of financial stability, Addendum #1 to the RFP further clarified that annual financial statement must be certified by an independent, third party accounting firm. GATSO failed to timely satisfy this requirement as to its own

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financial statement and provided no information regarding CMA's financial stability. Thus, GATSO should have been disqualified.

The deadline for applying for the RFP was December 23, 2009. In documents that were disclosed to Redflex *after* the hearing in front of the Deputy City Manager, GATSO clearly did not provide the required information before December 23, 2009. GATSO produced an email and admitted in court proceedings¹ that it had not submitted the required financial statement on or before December 23, 2009. It was only after being contacted by Vince Carter on January 7, 2010 that GATSO provided the required financial statement. While this fifteen (15) day delay may not seem significant, it is important for two reasons. First, GATSO was given an opportunity to correct its submission in order to meet the minimum requirements. There is no basis for allowing them additional time to comply with clearly stated requirements. Second, the RFP rules clearly state that the Procurement Administrator or his/her designee will serve as the "sole point of contact for questions, objections, *informational requests* and requests for clarification or interpretation during the RFP process."² The purpose of this rule is to "ensure an open process and the provision of equal knowledge and opportunity to all potential proposers." (Standard Provisions and Requirements for RFPs, ¶ 3). The informational request was never routed through the City's Procurement Administrator, and it is clear that the Procurement Administrator did not designate Mr. Carter as his designee. Michael Valen, as the Procurement Administrator, stated at the hearing that he had not seen or received GATSO's financial statement.

In addition to this untimely disclosure, there has been absolutely no information provided to the Committee regarding CMA's financial stability. As stated above, CMA is providing a significant and vital portion of the services required under the RFP, yet the Committee did no research into CMA's financial stability. Although the Committee Chair attempted to sweep the financial stability requirement under the rug by asserting that GATSO had the required insurance, the insurance requirement is irrelevant. As the City's own attorney stated in Court, the financial stability requirement was separate and distinct. The insurance required was for general liability, not a bond type insurance requirement, and the purpose of requiring financial statements was to ensure that the company performing the work had the necessary financial resources to complete the project. The Committee could not have fully analyzed the financial stability of GATSO without analyzing the financial stability of CMA, the party providing a majority of the RFP's requirements.

¹ GATSO filed a proceeding in Polk County District Court to enjoin the release of its financial statement under Iowa Code chapter 22. The information regarding the date of GATSO's submission of their financial statement was in an email attached as Exhibit A to an Affidavit of Andrew Noble, GATSO's President, and its counsel also specifically stated on the record that GATSO did not submit the financial statement until after it was contacted by the City in January, 2010. A copy of the Andrew Noble Affidavit and the email between GATSO and Vince Carter is provided with this letter.

² In addition to this requirement, the City's Municipal Code states that it shall be the responsibility of the Procurement Administrator to determine if all RFP requirements have been met and if all required submittals have been made by proposers. See Mun. Code § 2-755(c).

II. The Committee Utilized an Inaccurate Formula for Determining the Scoring in the Revenue Category.

At the hearing on April 21, 2010, Committee Chair Douglas Harvey produced a calculation sheet describing how the Committee determined the points awarded in the “Revenue” category. This information, which should have been provided to Redflex pursuant to its prior public information requests, shows that the Committee’s calculations were based upon incorrect assumptions. This summary and scoring formula, which was based upon figures obtained from the City of Clive, has two incorrect assumptions.

First, the Committee’s revenue projections were based upon the determination that Clive had four intersections, while the City will have five. While this is correct, the proper manner to determine the number of citations to be issued is based upon the number of cameras, not intersections. It is the individual cameras that capture violations and the Clive numbers are based on a per camera analysis, not a per intersection analysis. Clive actually has six cameras, which is one more than the City of Des Moines will have.

Second, the City of Clive utilizes Redflex as its provider, and as Mr. Harvey recognized, has “a better system of capturing a lot of red light violators.” See Transcript, p. 17. While it would be appropriate to use these numbers as a basis for estimating the revenue to the City under Redflex’s proposal, it is absolutely outrageous to use it to analyze GATSO’s proposal. GATSO’s technology has a significantly higher fail rate than Redflex’s technology (14 percent versus 66 percent), and such fail rates greatly reduce the actual revenue generated for the City. If GATSO’s fail rates are taken into account, Redflex clearly provides more monthly and annual revenue to the City.

City of Clive³

Total Detections	13,164 (183 per month)
Total Violations	9,694 (135 per month)
Total Citations	8,739 (121 per month)

This means that approximately ninety (90) percent of all violations become citations, and roughly sixty-six (66) percent of all detections become citations.

According to a news article regarding GATSO’s technology in Dallas, Texas, GATSO had 934,427 detections, but only issued 134,998 citations across sixty-six camera systems. See March 11, 2010 Appeal Letter, Exhibit I. This means that only about fourteen (14) percent of

³ These are the actual number of detections, violations and notices printed for the year 2009 in Clive. “Total violations” means the number of detections that are not rejected (ie: safe turns on red, emergency vehicles, funeral processions). “Total citations” means the violations that are accepted by the police department and issued as tickets.

GATSO's detections result in actual citations. Furthermore, these numbers show that GATSO is only capturing about fifty (50) more violations per month per camera than the City of Clive, yet Dallas has a much larger population (1.3 million versus 15,000). Redflex's program in another Texas city that is about 1/10th the size of the Dallas' program produces double these numbers. If the actual detection rates of GATSO are taken into account, there are fewer citations issued and thus, less revenue to the City:

	<u>GATSO</u>	<u>REDFLEX</u>
Total Detections (per camera per month)	183	183
Total Citations Printed	26 (14 %)	121 (66 %)
Total Paid Citations	22 (85% of 26)	103 (85% of 121)
Gross Revenue ⁴ (per camera per month)	\$1,430	\$6,695
Vendor Fees (per camera per month)	\$594	\$4,892.50
Monthly net return (per camera)	\$836	\$1,802.50
Annual net return (per camera)	\$10,032	\$21,630

As this shows, simply having the lowest fee per citation is not automatically the best choice. When the correct assumptions and numbers are utilized, Redflex provides higher revenue to the City. If the Committee had properly taken the actual detection rates of GATSO into account, Redflex would have received a perfect score in the Revenue category (25 points), GATSO would have received a lower score and Redflex would have ultimately outscored GATSO and been the successful bidder.

III. Redflex Is Clearly the Better Candidate for the City's RFP.

In addition to the issues set forth above, a review of the RFP's other categories (i.e., company experience, successful installs, ability to provide resources) shows that Redflex is clearly the better choice for the City's needs. As outlined more fully in Redflex's letters of appeal, which are provided herewith, Redflex is the better choice due to the following:

⁴ Based upon a \$65 fine amount, as stated in the RFP.

- Redflex has over 20 years of experience in the United States providing full turn key operations (ie: from camera installation through the processing of citations) to cities like Des Moines. In comparison, GATSO has only been operating as a full turn key operation in the United States since 2007 and has little experience in providing full operations, which includes everything from capturing the violation to collecting the fines for the citations.
- Redflex has a greater number of installations than GATSO. While Redflex has over 250 contracts in the United States, GATSO has approximately twelve (12). Thirty-nine (39) of Redflex's United States contracts are fixed and/or mobile speed contracts. In comparison, GATSO was just awarded their first two programs in the past few months, which gives them virtually no operating history in this arena.
- Although the Committee generally claimed that GATSO's technology was "better", it provided no explanation for this conclusion. In comparison, Redflex submitted detailed information regarding its technology and the issues faced by other cities using GATSO's technology. See March 11, 2010 Appeal Letter, p. 6, Exhibits I, J and K. Simply because GATSO's parent company developed the first traffic camera (the "Gatsometer") does not mean it is providing the best technology available today.
- A majority of GATSO's experience is in the area of 35 mm wet film cameras, rather than digital technology. The installation, use and processing of these two types of technologies is completely different and thus, GATSO's experience in this area is irrelevant to their ability to provide Des Moines with the digital technology requested. When asked about these issues in the hearing, Mr. Harvey provided no reason for why this distinction was ignored. The only response was that GATSO could better respond as to why their experience in 35 mm wet film was relevant "could be best answered by GATSO at a later time." See Transcript, p. 16; see also Transcript, p. 23 ("[Harvey:] Point 5, Reflex has better Technology. I don't know where I could come up with that alternative. If Mr. Stanley allows them to talk, then they can discuss their technology parts but the only thing I can say to that is that the Committee disagreed..."). GATSO never addressed this issue at the hearing nor in any of their submissions to the City.
- Redflex has a greater ability to provide the resources necessary to the City of Des Moines. Redflex has a greater number of employees in the United States that are fully dedicated to photo enforcement. In contrast, GATSO has only twelve (12) employees in the United States and while CMA has 400 employees, their counsel admitted that CMA's revenue from photo enforcement back office processing is limited. See Transcript, p. 50. In other words, the employees that CMA has dedicated to photo enforcement processing for GATSO would be a limited number of their 400 employees. Furthermore, with two companies involved (GATSO and CMA), there is likely to be confusion about who to contact when a problem arises. While GATSO assured the City at the hearing that they would be fully responsible for taking these phone calls, how can they respond to any back

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office processing questions when all such work is done at CMA in New York? Is “call CMA” a sufficient response? We don’t think so, and that is not how Redflex does business.

IV. The Piecemeal and Incomplete Provision of Documents in Response to Redflex’s Information Requests Have Hindered Redflex’s Appeal.

Redflex timely issued Iowa Code chapter 22 requests to the Procurement Administrator and, at Mr. Valen’s suggestion, to the head of the Selection Committee on March 4 and March 8, 2010, respectively. These letters requested all documents related to the RFP, including, but not limited to applications, proposals, presentations and all documents related to the evaluation of such proposals. In response to these requests, Redflex was provided with GATSO’s application and presentation materials (after GATSO waived its confidentiality restrictions), and Redflex based its appeal on the documents provided.

As described above, Redflex was told at the hearing that GATSO did provide a financial statement and that statement had not been provided to Redflex. At the hearing, it was also revealed that the Committee had used a formula calculation to determine the points awarded in the “Revenue” category. The Committee Chair, who had directly received an Iowa Code chapter 22 request, provided a document showing these calculations once the hearing was already underway.

Due to these revelations, Redflex issued another Iowa Code chapter 22 request on April 30, 2010. In response to the April 30 request, Redflex was provided additional documents, which primarily consisted of emails. Many of the emails were missing attachments, and there still appeared to be individuals involved in the RFP review and assessment that had not provided any emails or documents. After a follow up request as to specific items, Redflex was provided with additional documents on May 11, 2010.

Even after these additional documents were provided, there are some significant documents that appear to be missing, even though they should clearly have been provided in response to Redflex’s initial Iowa Code chapter 22 request. For example, the individual scoring sheets of the Committee members, except those of Gary Fox, have not been provided. Also, there are no emails from Vince Carter, even though he clearly directly participated in obtaining additional information from GATSO. See Email dated January 8, 2010 from GATSO to Vince Carter, provided herein. It is hard to discern what else might not have been provided, and the delayed and piecemeal release of information from the Committee has hindered Redflex’s ability to gather the information necessary for its appeal.

V. Conclusion.

As set forth herein and in the previous submissions in support of their appeal, Redflex has clearly met its burden. Accordingly, the City Council should, pursuant to Section 14 of the Standard

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Provisions and Requirements section of the RFP and Des Moines Municipal Code sections 2-755 and 2-756, vote to overrule the Report, reject the recommendation of the Committee and award the contract to Redflex. Redflex intends to submit a request to speak at the June 14, 2010 City Council meeting and would be happy to answer any questions you may have. Thank you.

Very truly yours,



Rebecca A. Brommel

RAB:hs
Enclosures

cc: Mark Etzbach, Redflex Traffic Systems (via email)

Selected Portions of
April 21, 2010
Hearing Transcript

>> OF THE SELECTION COMMITTEE'S
DECISION REGARDING REQUEST FOR
PROPOSAL RFP V10-041, AUTOMATED
ELECTRONIC SPEED AND RED LIGHT
ENFORCEMENT CAMERAS AND
CITATIONS PROCESSING SERVICES.
I GUESS THE WAY WE GO THROUGH
THIS IS FIRST, I'D LIKE TO KNOW
JUST FOR MY OWN EDIFICATION WHO
WE HAVE HERE TODAY.

THIS MIGHT BE A LITTLE UNUSUAL
BUT A LOT OF UNFAMILIAR FACES
OUT THERE.

I KNOW SOME -- MAYBE IN THE BACK
ROW, COULD YOU FOLKS JUST -- DO
YOU REPRESENT A CERTAIN COMPANY?
OR WOULD YOU LIKE TO SPEAK
TODAY?

OK.

>> VICE PRESIDENT OF SALES.

>> OK.

[INAUDIBLE]

>> OK.

>> AND I --

>> [INAUDIBLE]

>> OK.

VERY GOOD.

THANK YOU.

UP HERE IN THE FRONT, MY NAME IS
MERRILL STANLEY, BY THE WAY, I'M
THE DEPUTY CITY MANAGER AND WAS
APPOINTED THE HEARING OFFICER
FOR THIS APPEAL.

TO MY RIGHT, ANGIE DINATTO,
ASSISTANT CITY ATTORNEY, IS THAT
CORRECT?

ANOTHER ASSISTANT CITY ATTORNEY,
CAPTAIN DOUG HARVEY, THE CHAIR
OF THE SELECTION COMMITTEE AND
TO MY LEFT, MIKE, OUR
PROCUREMENT ADMINISTRATOR.

PREFERABLY KNOWN AS PURCHASING
AGENT.

SO THE WAY WE'LL WORK THIS IS,
LIKE I EXPLAINED IN AN E-MAIL,
I'M NOT SURE HOW MANY SAW THE

DEVELOPED THE MOST ACCURATE AND RELIABLE SYSTEM AND WAS OFFERED IN THE FOUR PROPOSALS. THE ALLEGATIONS THAT GATSO WAS INVOLVED IN THE TECHNOLOGY PHASE IN FOREIGN COUNTRIES IS NOT ENTIRELY TRUE. I WILL REFER TO THEM LATER WHEN THEY HAVE A CHANCE TO SPEAK TO DISCUSS THAT. THAT WAS THEIR TECHNOLOGY AND WHAT THEY DO OVER THERE. REDFLEX STATES THEY DID NOT PRESENT THEIR COMPANY'S EXPERIENCE. THEY DIDN'T BELIEVE THEY SHOULD HAVE. STATEMENT OF WET FILM AND APPLES AND ORANGES, BOTH OF THESE RFP'S REQUIRE DIGITAL. DIGITAL WAS PROPOSED. IT WAS BASED ON OF ANY ONE OF THE FOUR RFP'S WOULD HAVE BEEN WET FILM, THAT WOULD BE A VERY LOW SCORE AND THEY WOULD HAVE BEEN KNOCKED OUT IMMEDIATELY BASED ON THAT. NUMBER ONE, THEY WOULDN'T HAVE MADE THE REQUIREMENTS OF THE RFP SO I'M SURE THAT THE PROCUREMENT ADMINISTRATOR OR THEY WOULD HAVE DISALLOWED THEM AT THAT TIME. ALL OF THE RFP'S THAT CAME TO THE COMMITTEE MET THE RFP CRITERIA. >> DOUG, LET ME INTERRUPT YOU, IF I MIGHT, AND JUST ASK A QUESTION ON THAT. >> OK. >> IF THE PROPOSAL IS BASED ON DIGITAL TECHNOLOGY BUT I THINK THE ASSERTION WAS THE EXPERIENCE WAS NOT RELATED TO DIGITAL. IT'S RELATED TO THE FILM. >> I THINK THAT COULD BE -- THAT COULD BE BEST ANSWERED BY GATSO AT A LATER TIME.

>> OK.

>> SUCCESSFUL LENS SKULLS, WE TOOK THE ENTIRE PROPOSALS ON THE ORIGINAL ONE AND PUT THAT IN THE STATEMENTS MADE ON THE -- DURING THE PRESENTATIONS TO COME UP WITH A FINAL SCORE.

JUST TO NOTE THAT THERE'S BEEN A LOT OF TALK OF THEY USE A PARTNER AND IT'S ONLY MENTIONED ONCE, I BELIEVE THAT REDFLEX DOES NOT PRODUCE THEIR OWN CAMERA NOR DO THEY PRODUCE THE SENSORS IN THE ROAD SO EVERYBODY IS USING A PARTNER IN THIS. AND THAT WOULD BE EXPECTED IN SOMETHING LIKE THIS COMPLICATED. THE COMMITTEE WEIGHED OVERALL THE SUCCESSFUL INSTALLS WITH THE TECHNOLOGY BEING USED AS PRESENTED AT THE STAGE AND SUPPORT THEM ACCORDING TO THAT. REVENUE, TALKED A LONG TIME ABOUT FINALLY HOW WE WERE GOING TO SCORE REVENUE.

IT'S ALL HYPOTHETICAL.

THERE'S SOME GOOD NUMBERS OUT THERE, WHAT YOU COULD DO FOR REVENUE AND AT ONE TIME THE COMMITTEE DISCUSSED LET'S TAKE ONE CITATION.

WE SAID WE DON'T KNOW IF THAT'S FAIR TO ANYBODY.

SO WHAT WE DID IS WE TOOK CLIVE'S INTERSECTIONS BASED ON A REDFLEX SYSTEM BY THEIR STATEMENTS, A BETTER SYSTEM CAPTURING A LOT OF RED LIGHT VIOLATORS.

WITH THAT, WE FOUND OUT THAT WE TOOK THE NUMBER OF COMPLIED, WE HAVE WE PROPOSED ONE MORE INTERSECTION THAN THE FOUR INTERSECTIONS WE STUDIED SO WE ROUNDED IT UP TO AN EVEN NUMBER TO COME WITHIN -- WE ROUNDED THE NUMBER TO 10,000.

IT SHOWS GOOD RELIABILITY.
THEY'RE GOING TO ASSIST YOU WHEN
THERE'S A PROBLEM.

POINT 5, REDFLEX HAS BETTER
TECHNOLOGY.

I DON'T KNOW WHERE I COULD COME
UP WITH THAT ON ALTERNATIVE.

IF MR. STANLEY ALLOWS THEM TO
TALK, THEN THEY CAN DISCUSS
THEIR TECHNOLOGY PARTS BUT THE
ONLY THING I CAN SAY TO THAT IS
THE COMMITTEE DISAGREED AND
DISAGREED WHOLE HEARTEDLY.

CONCLUSION, THE COMMITTEE
FOLLOWED ESTABLISHED POLICIES
AND SELECTED GATSO IN A FAIR AND
UNBIASED MANNER.

I THINK A LOT OF THE POINT COMES
DOWN TO, WERE WE REASONABLE AND
WHEN WE FAIR?

I THINK WE FOLLOWED THE
PROCEDURES IN ANSWER TO ALL
THREE OF THOSE IN MY OPINION ARE
YES.

GET ON TO THE APPEAL ON THE
23RD.

IT'S PROBABLY GOING TO -- I
MIGHT NEED A LITTLE EXPLANATION
BUT IT KIND OF GOES TO WHETHER
YOU'RE WATCHING DISH TV OR
DIRECT TV, THAT'S HOW I'M
LOOKING AT THIS.

EITHER YOU CAN OR CAN'T DO IT,
YOU HAVE IT OR YOU DON'T.

AGAIN, IT COMES TO THE FIRST
PAGE, THE PAGE 2 OF THE APPEAL
COMES TO THE PROCESSING.

I BELIEVE THAT BOTH COMPANIES
CAN DO THAT EQUALLY.

SITE DESIGN INSTALLATION, ONE
SIDE IS YES AND THE OTHER SIDE
IS BLANK.

AGAIN, THAT DOES MEAN YES OR
BOTH.

THERE'S A LOCAL ENGINEERING FIRM
THAT IS GOING TO BE HIRED IF
GATSO IS SELECTED.

AND IF REDFLEX IS SELECTED, THEN
IT'S THEIR COMPANY.

PROCESS OF DATA PRIOR TO
PROVIDING ACCESS CHARGES,
VIOLATIONS BE IT BIOMETRIC
PROTECTED SECURE, I'LL LEAVE
THAT UP TO CMA TO DISPUTE THAT.
INITIAL MAILINGS, I'LL LEAVE
THAT UP TO CMA AS WELL.

ABILITY TO ACCEPT PAYMENTS ON
LINE BY CALLING OR THROUGH A
LOCK BOX, CMA CAN ANSWER THAT.
ABILITY TO SHOW COLLECTIVE
EVIDENCE, PICTURES, VIDEO,
ON-LINE TO VIOLATORS, REDFLEX
SITE IS YES, AND THE OTHER I'M
NOT SURE.

BUT THEY BOTH CAN DO THAT.

EXPERT TESTIMONY, I MAY ASK FOR
VERIFICATION ON THAT.

BUT PUBLIC INFORMATION, I KNOW
BECAUSE WE DISCUSSED THAT BUT
THE COMMITTEE LIKED THE
PRESENTATION OF, I GUESS ON
THEIR PUBLIC INFORMATION WHEN IT
WAS PRESENTED AT THE
PRESENTATION.

SO TRAINING OF THE CITY OF DES
MOINES, THAT'S GOT A NO BY IT.
THAT'S PART OF THE RFP AND IT
WILL BE PART OF THE CONTRACT TO
THE SELECTED VENDOR SO I DON'T
SEE A LOT OF ISSUES WITH THAT.
YOU GET TO PAGE 5 OF THE APPEAL
DATED MARCH 23, 2010, AGAIN,
WE'RE GETTING BACK TO SOMETHING
WE NEVER TALKED ABOUT.

WE NEVER ASKED ABOUT, 35
MILLIMETER FILM TECHNOLOGY.

I THINK THAT SHE ACKNOWLEDGED
THAT SHE WAS REFERRING TO A
TECHNOLOGY IN THE CITIES LISTED.
SO SHE COMPARES APPLES TO
ORANGES.

WHEN SHE'S TALKING ABOUT, WELL,
THIS IS TRUE THAT GATSO'S
TECHNOLOGY USES BRITISH COLUMBIA

ANSWER THAT MORE SPECIFICALLY FOR YOU BUT I THINK THAT INFORMATION IS PROVIDED IN THE PROPOSAL.

DID GATSO PROVIDE THEIR FINANCIAL STATEMENT THAT WAS CERTIFIED BY AN INDEPENDENT THIRD PARTY ACCOUNTING FIRM?

MR. HARVEY: YES.

>> DO YOU KNOW WHY THAT DIDN'T END UP IN THE INFORMATION THAT WAS PROVIDED?

MR. HARVEY: TO YOU ON THE APPEAL?

>> RIGHT.

MR. HARVEY: OK.

NO.

>> WHAT DO YOU KNOW ABOUT -- WHAT DID YOU KNOW ABOUT CMA CONSULTING AT THE TIME -- WHAT KIND OF INVESTIGATION WAS DONE INTO CMA CONSULTING AT THE TIME THAT THE SCORING AND THE DECISION MAKING WAS MADE?

MR. HARVEY: DURING THE PRESENTATION, IT WAS TALKED ABOUT THE PROCESSING AND THE TIME LIMITS AND WHAT THEY CAN DO AND THEIR ACCURACY AND THEIR PAST HISTORY JUST AS REDFLEX HAD TALKED ABOUT AS BEING ABLE TO MEET THE CRITERIA THAT WE THE COMMITTEE THOUGHT WAS ACCEPTABLE.

>> DID CMA INDICATE THE NUMBER OF YEARS OF EXPERIENCE THEY HAD WITH PROCESSING OR WERE THEY REFERRING TO OTHER TYPES OF PROCESSING?

MR. HARVEY: ALL TYPES OF PROCESSING.

>> DO YOU KNOW WHAT THEIR EXPERIENCE WAS IN PHOTO ENFORCEMENT PROCESSING WHICH IS WHAT IS HERE?

MR. HARVEY: NO, IT'S PROCESSING OF INFORMATION.

>> DID YOU ASK ANY QUESTIONS ABOUT WHAT OTHER INFORMATION CMA TYPICALLY PROCESSES?

MR. HARVEY: NO.

AS LONG AS WE -- WE DEALT WITH COULD THEY COMPLETE THE TASK THAT WE NEEDED THEM TO COMPLETE AND THE COMMITTEE WAS SATISFIED THAT THE ANSWER TO THAT WAS YES.

>> WAS ANYONE FROM CMA PART OF THE PRESENTATION MADE BY GATSO?

MR. HARVEY: NO.

>> WAS THERE ANY INVESTIGATION INTO CMA'S FINANCIAL STABILITY?

MR. HARVEY: NO.

LET ME CLARIFY THAT.

THE AMOUNT OF INSURANCE WAS BASED ON THE EXPECTED REVENUE TO BE HANDLED AND THE AMOUNT OF INSURANCE OR BONDING THAT WOULD BE NEEDED FOR THIS WAS SATISFACTORY AND MET THE REQUIREMENTS.

>> WHAT DID YOU UNDERSTAND THE ROLE CMA CONSULTING TO BE VS., YOU KNOW, HOW FAR INTO THIS PROCESS IS GATSO TO TAKE IT VS. WHAT IS CMA CONSULTING?

MR. HARVEY: CMA RECEIVES THE INFORMATION FROM THE GATSO TECHNOLOGY.

THIS IS REDFLEX'S BACK OFFICE RECEIVES THAT INFORMATION.

>> YOU'RE SAYING THAT CMA DOES BASICALLY 100% OF THE BACK OFFICE PROCESSING PORTION OF THE PROPOSAL.

IS THAT WHAT YOUR UNDERSTANDING IS?

I'M ASKING YOUR UNDERSTANDING OF IT.

MR. HARVEY: ALMOST 100%.

>> OK.

MR. HARVEY: WHAT IS ALMOST 100%? YES.

>> OK.

AND YOU DIDN'T RECEIVE ANY

MUCH AS YOUR COMPANY PROPOSED.
>> AND DO YOU KNOW WHETHER -- I
GUESS IF YOU RECALL BAKER
ELECTRIC AT THE INTERVIEW.
MR. HARVEY: PART OF IT.
>> DO YOU KNOW WHETHER OR NOT
GATSO ALREADY HAD AN AGREEMENT
IN PLACE WITH BAKER ELECTRIC TO
USE THEIR NAME ON THEIR
PROPOSAL?
MR. HARVEY: THAT'S WHAT THE RFP
STATED AND THAT'S WHAT THEY
SAID.
>> OK.
DID YOU ASK THEM FOR THE BAKER
ELECTRIC GENTLEMAN WHO WAS HERE
ABOUT THAT?
MR. HARVEY: NO, BECAUSE AS WE
WERE IN THE MIDDLE OF REDFLEX
PROPOSAL, HE HAD ANOTHER
ENGAGEMENT AND HE LEFT.
>> LET ME JUST CHECK AND SEE IF
WE HAVE ANY OTHER QUESTIONS.
I DO HAVE A COUPLE OF OTHER
QUESTIONS.
BUT THEN IF WE COULD HAVE THE
OPPORTUNITY, I'D LIKE HIM TO
PRESENT SOME STATEMENTS ABOUT
EVERYBODY OUTSOURCING THINGS AND
I WANT TO BE ABLE TO CLARIFY
WHAT REDFLEX ACTUALLY OUTSOURCES
VS. WHAT GATSO IS OUTSOURCING SO
IF WE COULD GIVE HIM A MINUTE TO
EXPLAIN WHAT --
MR. STANLEY: KEEP IT BRIEF.
>> RIGHT.
RIGHT.
YEAH.
I'LL HAVE A COUPLE OF QUESTIONS
TO FOLLOW UP.
HOW MATERIAL AND IMPORTANT IS
THE BACK OFFICE PROCESSING
PORTION OF THIS RFP TO THE CITY?
MR. HARVEY: VERY IMPORTANT.
>> OK.
AND WE UNDERSTAND THAT CMA IS
DOING A MAJORITY OF THAT FOR

PRESENTATION.

>> WHAT DID THEY -- HOW DID THEY DESCRIBE THEIR RELATIONSHIP WITH CMA?

MR. HARVEY: AS A PARTNER.

>> YOU DON'T KNOW IF THEY HAVE ANY CONTRACTUAL RELATIONSHIP OR COMMON OWNERSHIP OR ANYTHING OF THAT NATURE, WAS THAT EXPLORED AT ALL?

MR. HARVEY: NO.

>> AND THE SPECIFICS ABOUT CMA WEREN'T EXPLORED ANY FURTHER THAN WHAT WAS PRESENTED BY GATSO?

>> CORRECT.

I'LL HAVE HIM DISTINGUISH BETWEEN WHAT REDFLEX DOES AND DOESN'T OUTSOURCE.

>> MARK, JUST A COUPLE OF QUESTIONS.

SO YOU JUST MENTIONED THAT YOUR ASSERTION IS THAT GATSO OUTSOURCE SURVEYS, RIGHT? WAS THAT YOUR UNDERSTANDING IN WHAT WE JUST GARNERED.

VIDEO SURVEYS IN THE SELECTION OF THE INTERSECTIONS, THE VENDOR IS GOING TO COME OUT AND DO AN OUTSOURCE OF THE INTERSECTION TO ACTUALLY QUANTIFY WHETHER THERE ARE ENOUGH VIOLATIONS TO WARRANT A SYSTEM.

MR. HARVEY: CORRECT.

THAT PART WAS CORRECT.

THE FIRST PART OF YOUR QUESTION WAS --

>> IS IT YOUR UNDERSTANDING THAT GATSO OUTSOURCES THAT FUNCTION TO A THIRD PARTY FIRM?

>> THEY WILL BE RESPONSIBLE FOR THAT.

THEY COULD BE A SECOND OR THIRD PARTY FIRM INVOLVED IN THAT.

>> AND THEN YOUR ASSERTION, I THINK ONE POINT OF CLARIFICATION IS THAT DOUG ASSUMED THAT BAKER

PLANNING ON HIRING 140 EMPLOYEES
IN THE NEXT COUPLE OF MONTHS.
WE HAVE MANY AREAS OF EXPERTISE
INCLUDING DATA CENTER WHICH
INCLUDING THE OPERATIONS HELP
DESK AND WE BELIEVE THAT THE
SOFTWARE THAT WE'VE DEVELOPED IS
STATE OF THE ART, THAT IT IS THE
LEADER, AND IF YOU SPEAK TO THE
OTHER CUSTOMERS, REACH OUT AND
GET THOSE REFERENCES, WELL, YOU
ALREADY HAVE, THEY CAN TELL YOU
ABOUT THE GATSO-CMA RELATIONSHIP
AND HOW IT'S WORKED FOR THEM.

MR. STANLEY: HOW MUCH OF YOUR
REVENUES DERIVE FROM BACK OFFICE
FUNCTIONS FOR ENFORCEMENT
CAMERAS?

>> THAT'S A LIMITED SOURCE OF
OUR REVENUE.

WE HAVE A RELATIONSHIP WITH
GATSO AND I DON'T KNOW OF THE
OUTLINE.

I KNOW IT'S -- I WOULD TELL YOU
THAT OUR BUSINESS IS NOT IN
HEALTH CARE.

WE -- MUCH OF OUR REVENUE COMES
FROM HUMAN RESOURCE SOFTWARE.
CUSTOMER RELATIONSHIP MANAGEMENT
SOFTWARE.

WE DO HAVE SOME HEALTH CARE
APPLICATIONS BUT MOST OF WHAT WE
DO ARE CUSTOM DEALS.

LARGE PROJECTS.

AND DATA WAREHOUSES.

AND WHAT YOU'RE WORKING WITH
HERE IS MANIPULATION, AND
CONTROL OF THE MANAGEMENT OF
DATA.

AND THAT'S SOMETHING WE DO WELL.

MR. STANLEY: OK.

AND THAT ASSISTANT CITY ATTORNEY
DOUG PHILLIPS TO MAKE A COUPLE
OF COMMENTS ON ONE POINT.

I'LL LET DOUG TALK.

MR. PHILLIPS: I CAN MAKE SOME
COMMENTS OR ASK SOME QUESTIONS,

